



MONTENEGRO

1. Applicable Laws

Main laws that regulate employment include:

- Labor Law;
- Law on Pension and Health Insurance;
- The Law on Salaries of Civil Servants and State Employees;
- Law on Contributions of Mandatory Social Insurance;
- Law on Personal Income Tax; and
- Collective Agreement signed between Labor Union and the Government.

2. Social Insurance Foundation

Rates of Contributions and Personal Income Tax are:

	Employer share	Employee Share
Pension Fund		
Contribution	5.5%	15%
Health Fund		
Contribution	4.3 %	8.5%
Unemployment		

Insurance contribution 0.5% 0.5%

Personal Income tax is 9% and Surtax of maximum 15% on the individual income tax which is withheld from the employees' salaries.

These rates apply to the gross monthly salary.

Other employer's obligations

- January 31 of the current year is the deadline for submitting the Report on Paid Gross Salaries, Taxes and Contributions for Employee (OPD2). Reports have to be submitted for each employee with information on total amount paid for gross salaries as well as mandatory pension and health insurance during the previous year.
- January 31 of the current year is the deadline for submitting the Report on Paid Gross Salaries, Taxes and Contributions for Employer (OPD3). Reports have to be submitted for the employer with information on the total amount paid for gross salaries, mandatory pension and health insurance during the previous year for all employees.

3. Personal Income Tax

Personal Income Tax rate is 9%. Personal income tax is imposed on the full net salary amount.

4. Employment Procedure

The employment contract is signed in the local language prior to assuming work responsibilities. If the employer fails to sign an employment contract with the employee in written form prior to assuming work responsibilities, it is considered that the employee has established an employment relationship for an unlimited duration of time as of the date of assuming work responsibilities, should the employee accept that employment. In this case, the employer shall sign an employment contract for an unlimited period of time within three days from the day of assuming work responsibilities.

The Montenegrin Labor Law recognizes three types of employment:

- Undefined duration of employment;
- Employment for defined period of time; and
- Short term employment for occasional engagements such as consultancy.

The normal working hours are eight hours a day or 40 hours per week. An employee can conclude employment contracts with more than one employer and thus make a full-time work engagement. An employment contract can be concluded with work engagement with less than full time, but not less than $\frac{1}{4}$ (10 hours) of the full time hours.

5. Protection of Employment

Holidays: In each calendar year the employee has the right to an annual leave as set by the Collective Agreement or the employment contract but the number of total leave days should not be less than 20 working days. An employee has the right to be fully paid during official holidays that are set by Law.

Illness: Medical doctors are giving recommendations for sick leave. The employer has an obligation to pay 70% of the gross salary for up to 60 days of sick leave. For sick leave that lasts longer than 60 days, the Health Fund covers 70% of the gross salary.

Maternity: Women have the right to be absent for 356 days on maternity leave. Maternity leave starts four weeks before the delivery date. The employer is obligated to pay the total amount of their last salary during the maternity leave. In the first 10 days after the payment of the monthly salary, the Employer has to submit the Request form for Reimbursement.

Reimbursement for an employee on maternity leave is limited to two average national salaries.

6. Payroll Calculation Procedure

Employee monthly net (or gross) salary is determined with the employment contract that has to be signed by the employee and the employer. If the employee worked overtime, the employer is obligated to re-calculate the salary on a monthly level. The obligatory reports of every month include:

- Payroll slip
- Report to Tax Office on monthly amount of tax and contributions
- Report to Municipal Office with info on paid taxes and sur-tax.

7. Termination of Employment

Employment shall be terminated by:

1. Force of law;
2. An agreement between the employer and the employee; and
3. Cancellation of the employment contract by the employer or the employee.

An employee shall have the right and duty to remain at work at least 15 days past the day of submitting the notice of cancelling the employment contract, i.e. the decision on termination of employment (notice period), in cases determined by the collective agreement and the employment contract.

8. Contact details

Address: Bul Sv Petra Cetinjskog 11281000 Podgorica, Montenegro

Tel: + 382 20 228 490

Fax: + 382 20 228 491

E-mail: podgorica@eurofast.eu